



News Release

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EFTPS USERS HAVE FEWER IRS TAX PENALTIES

WASHINGTON – According to research conducted by the Internal Revenue Service, businesses that pay their taxes using the Electronic Federal Tax Payment System (EFTPS) have significantly fewer IRS penalties assessed.

EFTPS is a service offered free from two agencies of the U.S. Department of the Treasury – the IRS and the Financial Management Service. The system enables taxpayers and tax professionals to make federal tax payments electronically using EFTPS-OnLine, EFTPS-PC Software, EFTPS-Phone, or EFTPS Batch Provider software for professionals.

The research analyzed 68,000 taxpayers, and compared the penalties assessed to EFTPS users with the penalties assessed to taxpayers that use a paper check and Federal Tax Deposit (FTD) Coupon to make payments for Form 941, Employer's Quarterly Federal Tax Return. The study showed that non-EFTPS users were 31 times more likely to be assessed a penalty than EFTPS users.

"We believe this shows one of the hidden benefits to EFTPS—the ability to schedule payments in advance to avoid penalties," said Robert Hunt, IRS Director, Taxpayer Education and Communication. "The system helps taxpayers set up dates on which payments will be made even if they are out of town or on vacation when a payment is due. EFTPS takes the worry out of remembering the deadlines."

"This also says a lot about EFTPS users," Hunt said. "They use the system to their benefit to maintain a consistent and accurate tax payment record. We have always noted the high accuracy rate of EFTPS – 99.9 percent, almost 19 times more accurate than paper coupons. This study reinforces that EFTPS provides taxpayers with a more accurate tax payment method that can ultimately help them avoid and alleviate penalties."

Taxpayers can enroll in EFTPS by visiting the EFTPS-OnLine Web site at www.eftps.gov, or by calling EFTPS Customer Service at 1-800-555-4477 or 1-800-945-8400.

(more)

Since the introduction of EFTPS in 1996, nearly 4 million taxpayers have enrolled in the system to make all their federal tax payments.

EFTPS enables taxpayers to:

- make tax payments 24 hours a day, 7 days a week from home or office;
- schedule payments up to 120 days in advance for businesses, or 365 days in advance for individuals; and
- review the last 120 days of tax payment history online or by calling Customer Service.

In addition, taxpayers receive an EFT Acknowledgement Number for every EFTPS transaction for easy recordkeeping and as proof of the transaction.

EFTPS is ideal for all business taxpayers and for individual taxpayers that make Form 1040-ES quarterly estimated payments.

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